



Senate

General Assembly

February Session, 2004

File No. 277

Senate Bill No. 21

Senate, March 29, 2004

The Committee on Government Administration and Elections reported through SEN. DEFRONZO of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT PROHIBITING PERSONAL USE OF CAMPAIGN FUNDS AND CONCERNING RETENTION OF INTERNAL RECORDS AND REPORTING REQUIREMENTS REGARDING PARTY-BUILDING ACTIVITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 9-333i of the general statutes, as amended by
2 section 61 of public act 03-241, is repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2004*):

4 (a) No financial obligation shall be incurred by a committee unless
5 authorized by the campaign treasurer, except that certain expenditures
6 of a candidate's personal funds may be reimbursed as provided in
7 subsection (k) of this section.

8 (b) No candidate, campaign treasurer, or committee shall be liable
9 for any debt incurred in aid of or in opposition to any political party,
10 referendum question or the candidacy of any person or persons for

11 said offices or positions unless such debt was incurred pursuant to an
12 authorization issued under subsection (a) of this section.

13 (c) On any day on which an election or primary is being held, the
14 campaign treasurer of any committee which functions as a town
15 committee may give a check to one individual in each voting district of
16 the municipality in which the election or primary is being held. The
17 check shall be drawn by the campaign treasurer against the
18 committee's depository institution account to the order of such
19 individual in an amount not to exceed two hundred fifty dollars. Such
20 individual may use the proceeds of the check to make cash
21 expenditures in such voting district for per diem allotments to
22 campaign workers, or expenses incurred by campaign workers on
23 election or primary day, including but not limited to, food, beverages,
24 gasoline and other similar ordinary and necessary expenses. Such
25 individual shall submit to the campaign treasurer, within forty-eight
26 hours after the closing of the polls, a detailed accounting of all such
27 expenditures. The campaign treasurer shall report the names of all
28 such individuals and the expenditures made by them in accordance
29 with the provisions of section 9-333j, as amended by this act.

30 (d) Except as provided in subsections (j) and (k) of this section, no
31 payment in satisfaction of any financial obligation incurred by a
32 committee shall be made by or accepted from any person other than
33 the campaign treasurer and then only according to the tenor of an
34 authorization issued pursuant to subsection (a) of this section.

35 (e) (1) Any such payment shall be by check drawn by the campaign
36 treasurer, on the designated depository. Any payment in satisfaction of
37 any financial obligation incurred by a committee may also be made by
38 debit card or credit card. (2) The campaign treasurer of each committee
39 may draw a check, not to exceed one hundred dollars, to establish a
40 petty cash fund and may deposit additional funds to maintain it, but
41 the fund shall not exceed one hundred dollars at any time. All
42 expenditures from a petty cash fund shall be reported in the same
43 manner as any other expenditure.

44 (f) The campaign treasurer shall preserve all internal records of
45 transactions required to be entered in reports filed pursuant to section
46 9-333j, as amended by this act, for four years from the date of the
47 report in which the transactions were entered. Internal records
48 required to be maintained in order for any permissible expenditure to
49 be paid from committee funds include, but are not limited to,
50 contemporaneous invoices, receipts, bills, statements, itineraries, or
51 other written or documentary evidence showing the campaign or other
52 lawful purpose of the expenditure. If a committee incurs expenses by
53 credit card, the campaign treasurer shall preserve all credit card
54 statements and receipts for four years from the date of the report in
55 which the transaction was required to be entered. If any checks are
56 issued pursuant to subsection (e) of this section, the campaign
57 treasurer who issues them shall preserve all cancelled checks and bank
58 statements for four years from the date on which they are issued. If
59 debit card payments are made pursuant to subsection (e) of this
60 section, the campaign treasurer who makes said payments shall
61 preserve all debit card slips and bank statements for four years from
62 the date on which the payments are made. In the case of a candidate
63 committee, the campaign treasurer or the candidate, if the candidate so
64 requests, shall preserve all internal records, cancelled checks, debit
65 cards slips and bank statements for four years from the date of the last
66 report required to be filed under subsection (a) of section 9-333j, as
67 amended by this act.

68 (g) (1) As used in this subsection, (A) "the lawful purposes of his
69 committee" means: (i) For a candidate committee or exploratory
70 committee, the promoting of the nomination or election of the
71 candidate who established the committee, except that after a political
72 party nominates candidates for election to the offices of Governor and
73 Lieutenant Governor, whose names shall be so placed on the ballot in
74 the election that an elector will cast a single vote for both candidates,
75 as prescribed in section 9-181, a candidate committee established by
76 either such candidate may also promote the election of the other such
77 candidate; (ii) for a political committee, the promoting of the success or
78 defeat of candidates for nomination and election to public office or

79 position subject to the requirements of this chapter, or the success or
80 defeat of referendum questions, provided a political committee formed
81 for a single referendum question shall not promote the success or
82 defeat of any candidate, and provided further a political committee
83 designated by the majority of the members of a political party who are
84 also members of the state House of Representatives or the state Senate
85 may expend funds to defray costs of its members for conducting
86 legislative or constituency-related business which are not reimbursed
87 or paid by the state; and (iii) for a party committee, the promoting of
88 the party, the candidates of the party and continuing operating costs of
89 the party, and (B) "immediate family" means a spouse or dependent
90 child of a candidate who resides in the candidate's household.

91 (2) Unless otherwise provided by this chapter, any campaign
92 treasurer, in accomplishing the lawful purposes of his committee, may
93 pay the expenses of: (A) Advertising in electronic and print media; (B)
94 any other form of printed advertising or communications including
95 "thank you" advertising after the election; (C) campaign items,
96 including, but not limited to, brochures, leaflets, flyers, invitations,
97 stationery, envelopes, reply cards, return envelopes, campaign
98 business cards, direct mailings, postcards, palm cards, "thank you"
99 notes, sample ballots and other similar items; (D) political banners and
100 billboards; (E) political paraphernalia, which is customarily given or
101 sold to supporters including, but not limited to, campaign buttons,
102 stickers, pins, pencils, pens, matchbooks, balloons, pads, calendars,
103 magnets, key chains, hats, tee shirts, sweatshirts, frisbees, pot holders,
104 jar openers and other similar items; (F) purchasing office supplies for
105 campaign or political purposes, campaign photographs, raffle or other
106 fund-raising permits required by law, fund-raiser prizes, postage,
107 express mail delivery services, bulk mail permits, and computer
108 supplies and services; (G) banking service charges to maintain
109 campaign and political accounts; (H) subscriptions to newspapers and
110 periodicals which enhance the candidacy of the candidate or party; (I)
111 lease or rental of office space for campaign or political purposes and
112 expenses in connection therewith including, but not limited to,
113 furniture, parking, storage space, utilities and maintenance, provided a

114 party committee or political committee organized for ongoing political
115 activities may purchase such office space; (J) lease or rental of vehicles
116 for campaign use only; (K) lease, rental or use charges of any ordinary
117 and necessary campaign office equipment including, but not limited
118 to, copy machines, telephones, postage meters, facsimile machines,
119 computer hardware, software and printers, provided a party
120 committee or political committee organized for ongoing political
121 activities may purchase office equipment, and provided further that a
122 candidate committee or a political committee, other than a political
123 committee formed for ongoing political activities or an exploratory
124 committee, may purchase computer equipment; (L) compensation for
125 campaign or committee staff, fringe benefits and payroll taxes,
126 provided the candidate and any member of his immediate family shall
127 not receive compensation; (M) travel, meals and lodging expenses of
128 speakers, campaign or committee workers, the candidate and the
129 candidate's spouse for political and campaign purposes; (N) fund
130 raising; (O) reimbursements to candidates and campaign or committee
131 workers made in accordance with the provisions of section 9-333i, as
132 amended, for campaign-related expenses for which a receipt is
133 received by the campaign treasurer; (P) campaign or committee
134 services of attorneys, accountants, consultants or other professional
135 persons for campaign activities, obtaining or contesting ballot status,
136 nomination, or election, and compliance with this chapter; (Q)
137 purchasing campaign finance reports; (R) repaying permissible
138 campaign loans made to the committee that are properly reported and
139 refunding contributions received from an impermissible source or in
140 excess of the limitations set forth in this chapter; (S) conducting polls
141 concerning any political party, issue, candidate or individual; (T) gifts
142 to campaign or committee workers or purchasing flowers or other
143 commemorative items for political purposes not to exceed fifty dollars
144 to any one recipient in a calendar year or for the campaign, as the case
145 may be; (U) purchasing tickets or advertising from charities, inaugural
146 committees, or other civic organizations if for a political purpose, for
147 any candidate, a candidate's spouse, a member of a candidate's
148 campaign staff, or members of committees; (V) the inauguration of an

149 elected candidate by that candidate's candidate committee; (W) hiring
150 of halls, rooms, music and other entertainment for political meetings
151 and events; (X) reasonable compensation for public speakers hired by
152 the committee; (Y) transporting electors to the polls and other get-out-
153 the-vote activities on election day; and (Z) any other necessary
154 campaign or political expense.

155 (3) Nothing in this section shall prohibit a candidate from
156 purchasing equipment from his personal funds and leasing or renting
157 such equipment to his candidate committee or his exploratory
158 committee, provided the candidate and his campaign treasurer sign a
159 written lease or rental agreement. Such agreement shall include the
160 lease or rental price, which shall not exceed the fair lease or rental
161 value of the equipment. The candidate shall not receive lease or rental
162 payments which in the aggregate exceed his cost of purchasing the
163 equipment.

164 (4) As used in this subdivision, expenditures for "personal use"
165 include expenditures to defray normal living expenses for the
166 candidate, [or] the immediate family of the candidate or any other
167 individual and expenditures for the personal benefit of the candidate
168 or any other individual having no direct connection with, or effect
169 upon, the campaign of the candidate or the lawful purposes of the
170 committee, as defined in subdivision (2) of this section. No goods,
171 services, funds and contributions received by any committee under
172 this chapter shall be used or be made available for the personal use of
173 any candidate or any other individual. No candidate, [or candidate]
174 committee, or any other individual shall use such goods, services,
175 funds or contributions for any purpose other than campaign purposes
176 permitted by this chapter. [or expenses incurred in preparation for
177 taking office.]

178 (h) No campaign treasurer of a political committee may provide an
179 honorarium to, compensate or make a gift to, any elected public
180 official who is subject to the provisions of this chapter, for any
181 speaking engagement or other services rendered on behalf of such

182 committee, except that the provisions of this subsection shall not apply
183 to: (1) Reimbursement for actual travel expenses or food and beverage
184 for the personal consumption of such public official or members of his
185 immediate family, in connection with the rendering of any such
186 services by the public official; or (2) any contribution made to such
187 public official in connection with his campaign for nomination or
188 election to an office or position included in this chapter, which is
189 reported in accordance with the provisions of this chapter. Except as
190 provided in this subsection, no such elected public official may receive
191 any gift, honorarium or compensation from a political committee.

192 (i) The right of any person to expend money for proper legal
193 expenses in maintaining or contesting the results of any election shall
194 not be affected or limited by the provisions of this chapter.

195 (j) A candidate or his committee worker shall be reimbursed by the
196 campaign treasurer for any permissible expenditure which the
197 candidate or committee worker has paid from his own personal funds
198 if (1) the campaign treasurer authorized the expenditure, (2) the
199 candidate or worker provides the campaign treasurer with a written
200 receipt or other documentary evidence from the vendor proving his
201 payment of the expenditure, and (3) in the case of a reimbursement to
202 the candidate, a detailed accounting of the expenditure is included in
203 the report of the campaign treasurer. Internal records required to be
204 maintained in order for any candidate or committee worker to be
205 reimbursed from committee funds include, but are not limited to,
206 contemporaneous invoices, receipts, bills, statements, itineraries, or
207 other written or documentary evidence showing the campaign or
208 lawful purpose of the expenditure. The campaign treasurer shall
209 preserve all such [receipts] internal records for the same period of time
210 as required in the case of cancelled checks, except that the campaign
211 treasurer of a candidate committee may, upon request of the
212 candidate, give such [receipts] internal records to the candidate to keep
213 for such period.

214 (k) A candidate shall report to his campaign treasurer each

215 campaign expenditure of more than fifty dollars which he has made
216 directly from his own personal funds, except those expenditures for his
217 own telephone calls, travel and meals for which the candidate does not
218 seek reimbursement from his committee, by the close of the reporting
219 period in which the expenditures were made. The candidate shall
220 indicate whether or not he expects reimbursement by the committee.
221 The campaign treasurer shall report all such reimbursed and
222 nonreimbursed expenditures as "campaign expenses paid by the
223 candidate" on the sworn financial statements he is required to file in
224 accordance with section 9-333j, as amended by this act, and in the same
225 manner as committee expenditures.

226 (l) Each check issued by the campaign treasurer of a political
227 committee to a candidate committee, party committee or another
228 political committee (1) shall have typed, stamped, or printed other
229 than by hand, on its face, the name and address of the political
230 committee making the contribution and (2) shall legibly indicate the
231 name of the campaign treasurer of the political committee.

232 (m) Any obligation or restriction imposed by this section and
233 sections 9-333j, as amended by this act, 9-333l, as amended, 9-333m, as
234 amended, 9-333o, 9-333q, 9-333r, as amended, 9-333t, 9-333v, 9-333w,
235 9-333x, as amended, and 9-333y on a campaign treasurer or a
236 candidate committee shall be deemed to be imposed on any candidate
237 who is exempt from forming a candidate committee and has filed a
238 certification pursuant to subsection (b) of section 9-333f, as amended,
239 with the proper authority.

240 Sec. 2. Subdivision (1) of subsection (c) of section 9-333j of the
241 general statutes, as amended by section 4 of public act 03-223 and
242 section 60 of public act 03-241, is repealed and the following is
243 substituted in lieu thereof (*Effective July 1, 2004*):

244 (c) (1) Each statement filed under subsection (a), (e) or (f) of this
245 section shall include, but not be limited to: (A) An itemized accounting
246 of each contribution, if any, including the full name and complete
247 address of each contributor and the amount of the contribution; (B) in

248 the case of anonymous contributions, the total amount received and
249 the denomination of the bills; (C) an itemized accounting of each
250 expenditure, if any, including the full name and complete address of
251 each payee, including secondary payees whenever the primary or
252 principal payee is known to include charges which the primary payee
253 has already paid or will pay directly to another person, vendor or
254 entity, the amount and the purpose of the expenditure, the candidate
255 supported or opposed by the expenditure, whether the expenditure is
256 made independently of the candidate supported or is an in-kind
257 contribution to the candidate, and a statement of the balance on hand
258 or deficit, as the case may be; (D) an itemized accounting of each
259 expense incurred but not paid, provided if the expense is incurred by
260 use of a credit card, the accounting shall include secondary payees,
261 and the amount owed to each such payee; (E) the name and address of
262 any person who is the guarantor of a loan to, or the cosigner of a note
263 with, the candidate on whose behalf the committee was formed, or the
264 campaign treasurer in the case of a party committee or a political
265 committee or who has advanced a security deposit to a telephone
266 company, as defined in section 16-1, as amended, for
267 telecommunications service for a committee; (F) for each business
268 entity or person purchasing advertising space in a program for a fund-
269 raising affair, the name and address of the business entity or the name
270 and address of the person, and the amount and aggregate amounts of
271 such purchases; (G) for each individual who contributes in excess of
272 one hundred dollars but not more than one thousand dollars, in the
273 aggregate, to the extent known, the principal occupation of such
274 individual and the name of the individual's employer, if any; (H) for
275 each individual who contributes in excess of one thousand dollars in
276 the aggregate, the principal occupation of such individual, the name of
277 the individual's employer, if any, and a statement indicating whether
278 the individual or a business with which he is associated has a contract
279 with the state which is valued at more than five thousand dollars; (I)
280 for each itemized contribution made by a lobbyist, the spouse of a
281 lobbyist or any dependent child of a lobbyist who resides in the
282 lobbyist's household, a statement to that effect; and (J) for each

283 individual who contributes in excess of four hundred dollars in the
284 aggregate to or for the benefit of any candidate's campaign for
285 nomination at a primary or election to the office of chief executive
286 officer of a town, city or borough, a statement indicating whether the
287 individual or a business with which he is associated has a contract
288 with said municipality that is valued at more than five thousand
289 dollars. Each campaign treasurer shall include in such statement (i) an
290 itemized accounting of the receipts and expenditures relative to any
291 testimonial affair held under the provisions of section 9-333k or any
292 other fund-raising affair, which is referred to in subsection (b) of
293 section 9-333b, and (ii) the date, location and a description of the affair.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004</i>
Sec. 2	<i>July 1, 2004</i>

GAE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Elect. Enforcement Com.	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill makes several changes to campaign finance laws that will increase the workload of the State Elections Enforcement Commission, but will not require additional appropriations.

The bill clarifies the campaign finance laws relating to proper uses of campaign and other committee funds, provides specificity concerning internal records required to be kept by treasurers, and ensures full public disclosure of campaign expenses incurred by use of a credit card.

OLR Bill Analysis

SB 21

AN ACT PROHIBITING PERSONAL USE OF CAMPAIGN FUNDS AND CONCERNING RETENTION OF INTERNAL RECORDS AND REPORTING REQUIREMENTS REGARDING PARTY-BUILDING ACTIVITIES**SUMMARY:**

This bill allows campaign treasurers to use a credit card to pay campaign debts. The law already allows them pay them with checks or debit cards.

The bill requires treasurers to include in their campaign finance statements (i.e., statements of contributions and expenditures) the name and amount paid to each person or entity that actually benefited from the expenditure. When a candidate or campaign worker is reimbursed, this means an accounting of the person the candidate or worker paid. When a credit card is used, this means naming the place where the card was used and the amount spent.

It expands the prohibition against anyone using campaign funds for personal use. Specifically, it bans the use of campaign funds for anyone's personal benefit, including defraying normal living expenses. Current law prohibits the funds from being used to personally benefit a candidate or his immediate family only.

The bill gives candidates or committee workers seeking reimbursement from campaign funds the option to present any documentary evidence, instead of just receipts, as proof that they used their own money to pay a campaign-related debt. It requires campaign treasurers to keep these alternative, internal records and all other internal records of transactions the law requires included in campaign finance reports, whether or not they are actually included. By law, treasurers must retain records related to reported transactions for at least four years. The retention period for records that should be, but are not, reported is unclear. Internal records include contemporaneous invoices, receipts, bills, statements, itineraries, or other written or documentary evidence that shows the expenditure was for a lawful campaign purpose.

EFFECTIVE DATE: July 1, 2004

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Report

Yea 17 Nay 0